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COMMENT ON PROPOSED RULE: DISCLOSURE REGARDING NOMINATING  
COMMITTEE FUNCTIONS AND COMMUNICATIONS BETWEEN SECURITY HOLDERS &  
BOARD OF DIRECTORS

FILE NO S7-14-03

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SECURITIES & EXCHANGE COMMISSION  
OFFICE OF INVESTOR  
EDUCATION & ASSISTANCE

Dear Sir or Madame:

I am submitting comments on behalf of the Adorers of the Blood of Christ (ASC), a congregation of religious women within the Catholic Church who are major investors in our economy. We believe in the importance of being an informed, involved and active investor. As such, we have been involved in extensive dialogue with companies on social, environmental and corporate governance issues and have been the co-sponsor of a number of shareowner resolutions on these topics. As a result, we have a deep interest in the Proposed Rule the SEC has submitted for public comment.

We appreciate the SEC's decision to divide the issues of disclosure and shareowner access to the proxy to nominate Directors into two different proposals for comment. However,

we strongly believe there needs to be a two step process and the SEC should not stop with these changes on disclosure.

Certainly the disclosure steps proposed will be an important improvement. We strongly believe that the combined approach of improved disclosure and the right of investors with a reasonable percent of shares to nominate Directors, place them on the proxy and have them voted upon, is integral to improving investor confidence and board accountability. .

We believe, in general, that the changes in disclosure requirements are an important and helpful step forward. For example, we support the enhanced nominating committee disclosure.

We support the recommendation that requires the company to disclose when it receives nominations from security holders and also the procedures for nominating Directors, the process followed after a nomination has been made, and minimum qualifications for nominees. Many companies do this already.

We also strongly recommend an addition to the proposal regarding whether and how the Nominating Committee takes issues of diversity into account in making recommendations for new Board members. Again, a number of companies do disclose this fact in their nominating committee charters and elsewhere.

Diversity in a Board is an important factor in good governance as is witnessed by the fact that TIAA-CREF lists Board diversity in its Corporate Governance guidelines as a positive value. Shareowner resolutions on this topic sponsored by religious and other concerned investors have either resulted in a change in company policy and a disclosure of their new policy or the resolution in the proxy received reasonably high levels of support.

We therefore recommend that the Nominating Committee be required to disclose if and how they take the issue of diversity, including diversity of gender and race, into account in presenting the slate of Directors and selecting new Directors.

#### DISCLOSURE RE THE ABILITY OF SECURITY HOLDERS TO COMMUNICATE WITH THE BOARD OF DIRECTORS

We agree with the theme that there should be clear procedures described for a security holder to communicate with Board Committees or Board members. Companies like Pfizer have already set up a solid process for such communication with their outside Directors including an

email box. Since outside Directors are responsible for Committees like the Audit and Corporate Governance Committees, it seems vitally important to be able to communicate with those Committees directly.

Thus we support the proposal stating that there be a description of how security holders can communicate with the Board and the Board Committees, and action the Board took in response to such input.

#### INVESTMENT COMPANIES

The proposal includes applying the new disclosure requirements to investment companies (“funds”). We agree that this proposal would benefit fund security holders to improving the transparency of the nominating process. The disclosure should include a description of who on the nominating committee are “interested persons” under the Investment Company Act.

**SUMMARY** - We support the thrust of these proposals as advancing the course of good corporate governance and increased transparency. We strongly urge the issue of Board diversity be added to disclosure regarding the Nominating Committee’s role and responsibilities. We also emphasize the point that this set of disclosures will only be truly meaningful when combined with a second stage creating a process where by shareowners can nominate Directors to be placed on the company proxy for a vote.

Sincerely,



Vicki Bergkamp ASC

Chairperson